

Message Text

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PAGE 01 STATE 167327

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ORIGIN IO-14

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FM SECSTATE WASHDC

TO AMEMBASSY PARIS PRIORITY

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NESCO

E.O. 11652 N/A

TAGS: AORG, OCON, UNESCO

SUBJECT: 93RD EXECUTIVE BOARD - ITEM 5.1 (FINANCIAL FORE-
CAST FOR 1975-1976)

REF: STATE 162991

1. THE FOLLOWING ADDITIONAL GUIDANCE MAY BE USED AT THE GENEVA GROUP MEETING ON SEPTEMBER 7 AND ADDRESSES CERTAIN OTHER QUESTIONS RAISED BY THE DG IN DOCUMENT 93 EX/5.
 2. DEPARTMENT WISHES TO EMPHASIZE TO GG AND ALSO DURING BOARD DISCUSSIONS THAT DG'S RECASTING FORECASTS MUST BE EXAMINED CLOSELY AND MUST BE CONSIDERED SOMEWHAT SUSPECT IN LIGHT OF THE REPORT OF THE MANAGEMENT CONSULTANTS THAT THE ORGANIZATION REQUIRES A SCIENTIFIC EXAMINATION OF THE COSTING OF THE MAJOR COMPONENTS OF THE BUDGET. THIS WOULD INDICATE THAT THE 1973-1974 BUDGET FIGURES ARE OPEN TO QUESTION, AND THAT ANY AUTOMATIC RECASTING FORMULA TO MAIN-
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PAGE 02 STATE 167327

TAIN THE SAME VOLUME AND LEVEL OF ACTIVITIES IS EQUALLY

OPEN TO QUESTION. AS PREVIOUSLY STATED, THIS IS ONE OF THE REASONS AMONG OTHERS WHY WE ARE NOT PREPARED AT 93RD BOARD TO STATE WHAT WE BELIEVE LEVEL OF 1975-1976 BUDGET SHOULD BE. WE THINK, THEREFORE, THAT CONSIDERABLE WORK NEEDS TO BE DONE BY GG IN PUSHING THIS VIEW.

3. THE US IS ADAMANTLY OPPOSED TO THE DG'S PROPOSAL THAT THE ORGANIZATION SHOULD MOVE TO "SOME SYSTEM" OF

FULL-BUDGETING FROM SEMI-FULL. THIS WOULD REMOVE ALMOST ALL PRESSURES ON DG TO WATCH HIS EXPENDITURES DURING DIFFICULT FINANCIAL PERIODS. GOVERNMENTS AND PRIVATE BUSINESS DO NOT HAVE THIS HAPPY ALTERNATIVE AND WE SEE NO REASON WHY UN AGENCIES SHOULD BE EXCEPTIONS.

4. PROVIDED THERE IS GG CONSENSUS, THE US IS PREPARED TO AGREE TO AN INCREASE IN THE WCF FROM \$4 MILLION TO \$6 MILLION, ALTHOUGH OUR PREFERENCE REMAINS FOR AN INCREASE TO \$5 MILLION.

5. THE DG IS SUGGESTING THAT THE BOARD'S POWER TO APPROVE PROVISIONALLY SUPPLEMENTAL ESTIMATES OF 2.5 OF THE TOTAL APPROPRIATION BE INCREASED TO 3.5. WE ARE OPPOSED TO THIS, BECAUSE THIS ISSUE ALSO CONTAINS ELEMENTS RELATING TO CONTINGENCY FINANCING THAT MAY OR MAY NOT ARISE.

6. CONCERNING SUB-PARA (C) OF PART III OF DOCUMENT 93 EX/5, THE US DOES NOT AGREE TO THE ESTABLISHMENT OF A NEW SPECIAL RESERVE THAT MIGHT BE CREATED FROM SURPLUSES OR MISCELLANEOUS INCOME. UNDER EXCEPTIONAL CIRCUMSTANCES, AND PROVIDED THERE ARE SURPLUSES, WE WOULD AGREE TO THESE BEING USED TO ASSIST IN FINANCING A DEFICIT, HOWEVER. AS IN SIMILAR INSTANCES, SUCH A SPECIAL RESERVE IS RELATED TO CONTINGENCIES, AMOUNTS IN FACT TO ANOTHER TYPE OF APPROPRIATION RESERVE, AND FURTHER REMOVES INCENTIVES TO ECONOMIZE AND MANAGE OPERATIONS EFFICIENTLY.

7. REGARDING SUB-PARA (D) OF PART III, WE DO NOT BELIEVE THAT THE BOARD SHOULD STUDY A CHANGE IN THE SYSTEM OF LIMITED OFFICIAL USE

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PAGE 03 STATE 167327

CURRENCY OF CONTRIBUTIONS AT THIS TIME NOR SHOULD UNESCO TAKE THE LEAD IN THIS. RATHER, THE ISSUE BELONGS IN A WIDER FORUM, THE UN ITSELF, AND IT MAY WELL BE EXAMINED BY THE GA THIS FALL. ROGERS

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